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BAKER, BIDEN ADDRESS CITY LEADERS
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FILE ONLY

Former Sen. Howard Baker told urban officials today the Reagan administration has made "terrible mistakes" in the Iran arms deal, and Sen. Joseph Biden called on the president's chief of staff and CIA chief to resign.

The president's deepening crisis over the arms sale and diversion of money was raised by both potential 1988 presidential candidates as they appeared before the 7,000 municipal leaders at the National League of Cities' annual convention.

Baker, the former Republican senator from Tennessee who was majority leader and vice chairman of the Senate Watergate committee, defended Reagan as acting reasonably to get out the facts and said this controversy was not like Watergate because he sees no evidence of a coverup.

"I'm convinced there were mistakes that were made, terrible mistakes," he said, in diverting money and in trying to ransom hostages.

However, Baker said, "I do not think they were venal mistakes. ... I think the president recognizes there were mistakes." Biden, a Delaware Democrat who will become chairman of the Senate Judiciary Committee, said that White House Chief of Staff Donald Regan and CIA head William Casey "would probably serve the president best by no longer serving." Delegates to the National League of Cities - mayors, council members and city managers from some 1,000 cities and towns - were concluding their annual meeting today with votes on a list of resolutions and new statements of urban policy.

They want more federal help, even as the federal government has been cutting back on aid to state and local governments - and despite talk from some municipal leaders that there is a new realism about the limits of federal aid.

"We've been in a defensive mode and I think it's time to get off that and come up with an offensive, aggressive campaign from the grassroots from all the cities," said Cathy Reynolds, a council member from Denver who is taking over today as president of the League.

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She said city leaders want to convince "Congress and the White House that they're going to have to get back in the business of tending to American cities. We need some domestic defense in here." Among the resolutions was one asking for substantial new federal spending toward a cure and prevention of AIDS. Another asks for at least \$1.7 billion in additional aid to local governments to help the homeless, saying this deserves at least as much money as the anti-drug effort enacted by Congress this fall.

Others ask for more money to employ urban youth and ask Congress to ease regulations placed on local governments that require them to spend money to meet federal standards on a wide range of diverse programs, such as water treatment and access for handicapped.

"We're asking Congress and the administration for substantially higher funding ... from A to Z," said Dana Rinehart, the Republican mayor of Columbus, Ohio. "Maybe we want to be careful." But Mrs. Reynolds, asked whether cities appear to be asking for too much from Congress and the administration, said, "Well, they're going to have to hear our pleas because we represent 80 percent of the people in the nation." One of the resolutions asks for billions in new aid for cities and states to fight drugs, beyond the money in the new legislation. It asks for tougher criminal penalties, the use of military forces to combat smuggling, and creation of a new layer of federal courts to handle drug cases.

Mrs. Reynolds was among the city leaders expressing caution on the drug resolution before the vote, saying drugs are a major problem but not the only one. "I don't think we can drop everything to simply address the drug problem," she said in an interview.

A third prospective presidential candidate, Arizona Gov. Bruce Babbitt, spoke to delegates Tuesday and blasted the Gramm-Rudman budget-cutting law as "a manifestation of political bankruptcy." "They don't have the capacity to choose between money for sick children, or presidential libraries ... or junk congressional mail," he said.

Babbitt told reporters that Reagan should fire Chief of Staff Donald Regan "right now, before sundown," and quickly tell all about the Iranian arms deal.

"Either he knew about it and is stonewalling, or even worse he didn't know about it," Babbitt said of Regan. "And if the chief of staff of the president of the United States didn't know about this, that alone is grounds to dismiss him." Mrs. Reynolds, 42, was unopposed for the league president's job to succeed San Antonio's Democratic mayor, Henry Cisneros. By tradition the presidency is passed along to the vice president, which Mrs. Reynolds has been for a year. The second vice president, Portland, Maine, council member Pamela Plumb, will move up to first vice president, and Phoenix, Ariz., Democratic Mayor Terry Goddard was selected to be second vice president.